

FISCAL NOTE

HB 769 - SB 908

March 2, 2005

SUMMARY OF BILL: Creates a new franchise and excise (F&E) tax credit, up to 10% of the tax imposed, for employers that offer health insurance to at least 80% of their employees.

ESTIMATED FISCAL IMPACT:

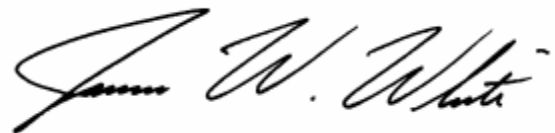
Decrease State Revenues – Exceeds \$1,000,000
Increase State Expenditures - \$96,000 One-Time

Assumptions:

- Evidence indicates that as employers grow, in terms of the number of its employees, the probability of them providing health insurance increases.
- Recent studies have shown that the most common reason smaller firms do not offer health insurance to its employees is because premiums are too high for the smaller group plans.
- Enactment of this bill would benefit larger companies (greater than 100 employees) more as compared to smaller companies (less than 100 employees).
- Fiscal impact of this bill is dependent upon the businesses already offering health insurance to its employees plus any smaller businesses that will find it advantageous to begin offering health insurance to its employees due to the tax credit proposed in this bill.
- Determining a precise fiscal impact is difficult due several unknown factors such as the number of businesses that will find it advantageous to begin offering health insurance. However, a significant decrease in state revenues is expected and is estimated to exceed \$1.0 million.
- One-time state expenditures for computer programming and software modifications are estimated at \$96,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director